
AMLO's Top 50 Roadmap: plans, speeches & ideas he talked about and where to find them....

November 13, 2018

The recent tone change from the incoming administration has brought a wave of uncertainty and questions from our local and offshore base of clients. This tone, contrasted with AMLO past acceptance speech, where the market and MXN assets in general welcomed him and translated into a positive performance.

Given the recent developments in AMLO's agenda (i.e. New Airport cancelation, Potential changes in Banking regulation and a potential "referendum economy"), we believe it's worth digging further into what the elected president and his team has expressed in the past few months and list these plans to have a clearer idea of what future potential changes could lie ahead.

Please find below, a list of 50 plans, speeches & ideas we found relevant, as well as, a classification of positive, neutral and negative potential effects using MXN assets as a benchmark. Even though there are many others we might have missed, we believe this is a good starting point to highlight future potential changes.

In the following table, we rank from -5 (red) to +5 (green) the potential effects should AMLO's plans go into effect down the road. As an example, please see "#9 Mexico City New Airport cancelation", we ranked it with a -4 as the impact for MXN assets was seen immediately.

Under our perspective and based on the potential impact we assigned to each proposal, if every concept goes into effect, **the final sum would add up to a negative balance of -39.**

Please contact the Equity and Fixed Income desk for any comments or feedback.

Thanks,

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#	Proposal	Source	Impact
1	Reverse structural reforms, via public consultations	Book "La Salida"	-5
2	Telecom reform cancelation	Campaign Speech	-5
3	Use of pension funds for investments in CFE, PEMEX, and national infrastructure projects	Proyecto de Nacion - Morena 2018-2024, pg 173	-4
4	Achieve food sovereignty: corn, beans, rice, sorghum, wheat, beef, pork, chicken meat and fish	Proyecto de Nacion - Morena 2018-2024	-4
5	Increase public expenditure in health sector, at least 1% of GDP	Proyecto de Nacion - Morena 2018-2024, pg 371-372	-4
6	Antitrust reform cancelation	Campaign Speech	-4
7	Financial system reform cancelation	Campaign Speech	-4
8	Changes to Constitutional article 35 on referendums	Press Conference, 28-Oct-2018	-4
9	Mexico City New Airport Cancelation (Texcoco project); rehabilitation and integration of the current Mex City airport and Toluca, as well as the construction of two tracks in Santa Lucía	Proyecto de Nacion - Morena 2018-2024, pg 251	-4
10	Regulation on fees that banks and other financial institutions charge	Pejenomics Vol 2	-3
11	Delay oil tenders resulting from the energy reform at least until full review of contracts and production of tenders already carried out. Oil production is expected to begin in 2019	Book "La Salida"	-3
12	Guaranteed prices on agricultural sector (corn, wheat, rice, beans, and milk)	Proyecto de Nacion - Morena 2018-2024, pg 26	-3
13	Education reform cancelation	Press conference, 20-August-2018	-3
14	Fracking projects ban	Remarks, 7-Oct-2018	-3
15	Freeze gas prices in real terms for the next three years	Campaign Video, 2-Jan-2017	-2
16	VAT reduction from 16% to 12% (8% according to press conferences) and ISR from 30% to 20%, plus an increase in the minimum wage to double in the border strip (30 km)	Proyecto de Nacion - Morena 2018-2024, pg 157	-2
17	Increase the pension amount for the elder	Pejenomics Vol. 2	-2
18	Labor reform cancelation	Campaign Speech	-2
19	Decentralization of federal agencies excluding Department of State, Treasury, Foreign Affairs, Defense and Navy	Proyecto de Nacion - Morena 2018-2024, pg 246	-2
20	To match Mexican energy prices around the US border with American prices, starting January 1st, 2019	Governors' Meeting, Local Newspaper "El Economista"	-2
21	Cut "high-level" government employees by 70%	Local Newspaper "El Excelsior"	-2
22	Reduce high-level officials compensation	Public Interventions, July 2018	-2
23	Review the amount of money designated to pay for the banking system rescue	Electoral Platform, pg 15	-1
24	Minimum daily wage increase to 171.8 pesos with 15% annual increase (88.36 current MW)	Pejenomics Vol. 2	-1
25	Free access to education at college Level	Proyecto de Nacion - Morena 2018-2024, pg 414	-1

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#	Proposal	Source	Impact
26	"Tren Maya" construction	Pejenomics Vol. 2	0
27	Use development banks as a tool to increase credit and help entrepreneurs (benefit 700k Small and Medium companies)	Pejenomics Vol. 2	0
28	Establish a National Guard constituted by 214,157 soldiers and 55,574 marines	Proyecto de Nacion - Morena 2018-2024, pg103	0
29	Finance projects that will contribute to increase national content in value chains	Proyecto de Nacion - Morena 2018-2024, pg 198	0
30	Create a strategic program to finance housing projects through debt issuance and guaranteed funds for the informal economy	Proyecto de Nacion - Morena 2018-2024, pg 284	0
31	Investment of 37B MXN in new hydroelectric power plants	Proyecto de Nacion - Morena 2018-2024, pg 178	0
32	Achieve water self-sufficiency (475B MXN estimated investment)	Proyecto de Nacion - Morena 2018-2024, pg 216	0
33	Quality jobs for young people through the "Young people building the future" program	Pejenomics Vol. 2	1
34	Investment of 80B MXN for assurance and access of potable water	Proyecto de Nacion - Morena 2018-2024, pg 220	1
35	Create a policy to review a too big to fail situation	Proyecto de Nacion - Morena 2018-2024, pg 230	1
36	Investment of 20B MXN to improve water supply efficiency	Proyecto de Nacion - Morena 2018-2024, pg 222	1
37	Hydroagricultural infrastructure investment of 94B MXN	Proyecto de Nacion - Morena 2018-2024, pg 218	1
38	Increase oil refinery capacity through maintenance and two new oil refineries	Proyecto de Nacion - Morena 2018-2024, pg 242	1
39	Increase controls on bankers and financial employees, and place new sanctions on government employees who are involved in illicit activities.	Proyecto de Nacion - Morena 2018-2024, pg 39	1
40	Absolute elimination of the banking, fiduciary and fiscal secrecy when there is a tributary felony or illicit practices.	Proyecto de Nacion - Morena 2018-2024, pg 39	1
41	Establish a Ministry of Public Security and remove the power and authority of the Mexican Office for Domestic Affairs (SEGOB) toward these matters	Proyecto de Nacion - Morena 2018-2024, pg 102	1
42	Ensure transparency of all resources from pension funds savers throughout his working life	Local Newspaper "El Excelsior"	1
43	Broaden the responsibilities and powers of COFECE (Competition regulator) and CONDUSEF (Financial Services User Protection Agency)	Proyecto de Nacion - Morena 2018-2024, pg 280	2
44	Tighten controls on the banking system to reduce money laundering	Proyecto de Nacion - Morena 2018-2024, pg 39	2
45	Highway infrastructure investment (\$104.2B MXN), rural roads (\$97.5B MXN) and maintenance of freeways (132.6B MXN)	Proyecto de Nacion - Morena 2018-2024, pg 225	2
46	Implement transparent and centralized government purchases mechanisms	Pejenomics Vol. 2	3
47	Increase crude oil production from 1.8 million barrels per day to 2.0 million	Proyecto de Nacion - Morena 2018-2024, pg 173	3
48	Creation of the Transistmic corridor by train between Salina Cruz and Coatzacoalcos	Pejenomics Vol. 2	3
49	Savings of 380m mxn by reduction of inefficiencies distributed in Health (160m), Education (120m), Investment (80m), Social Welfare (20m)	Pejenomics Vol. 2	4
50	Strengthen retail banking sector and stimulate the creation of commercial and development banks	Pejenomics Vol. 2	4

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